

## **This Week in Agriculture:**

**A Mixed Bag of Information from the Week that Was: October 21, 2011**

- **Market volatility remained firmly entrenched in the markets this week as traders grapple with final production numbers and how they will compare to final usage. For the week corn finished 49 cents higher, soys lost 57 cents, while next July's wheat finished the week unchanged.**
- **China, its economy and the potential for future purchases were the main driving factor behind this week's back and forth movement. Lower prices helped to improve crush margins for the country's soybean processors and initially led many to believe the Chinese government would begin working to refill the country's corn reserves that have been depleted in recent years.**
- **Mid-week however, the country announced it saw only 9.1% growth in the third quarter. This was below analyst estimates. Slower than expected growth raises concern over future demand prospects. As the country's middle class population grows so does its demand for protein and an "Americanized" diet. Traders see any sort of potential slow down in middle class growth as a potential slowdown in future corn and soybean demand.**
- **Interesting fact: By 2015 it is estimated that over half of the Chinese population will live in cities/towns. This is a significant change especially when just 12 years ago over 64% of the country's population was farmers, or at the very least involved in food production.**
- **Big banks are feeling the economic pinch as well with JP Morgan, Bank of America, Citigroup, Goldman Sachs and Morgan Stanley releasing 3<sup>rd</sup> quarter earnings and showing a 35% downturn from last year. Goldman Sachs saw their first 3<sup>rd</sup> quarter loss in over a decade.**
- **Traders are continuing to watch corn demand. We saw a tremendous increase in weekly ethanol production last week, while early season corn exports are running an estimated 5% ahead of current USDA projections. The dip below \$6.00 definitely saw an increase in demand interest.**
- **Feed demand remains the wild card. The USDA projects corn feedings at the lowest level in over 15 years. At the same time though they show grain consuming animal units 1.3% higher than what we saw a year ago. An increase in ethanol production has resulted in an increase in distillers grain supplies, but even that won't completely offset the need for either corn or wheat as feed.**

**Harvest progress throughout much of the Eastern Corn Belt has been put on hold thanks to Mother Nature. Moving in to next week there will be some opportunities for harvest progress but they will be fleeting. Extended forecasts for the October 29<sup>th</sup> through November 4<sup>th</sup> are calling for above normal temperatures and below normal precipitation, so perhaps there is a light at the end of this rainy tunnel. Give us a call with any questions, we have a lot of pricing opportunities or storage options for your fall grain movement. Until next week, have a great weekend and be safe!**

**All the Best!**

**Angie Maguire**

**Citizens LLC**

**[www.citizenslevator.com](http://www.citizenslevator.com)**

**\*\*\*\*Commodities trading is very risky, Citizens LLC holds no liability for the use of the information contained herein\*\*\*\***